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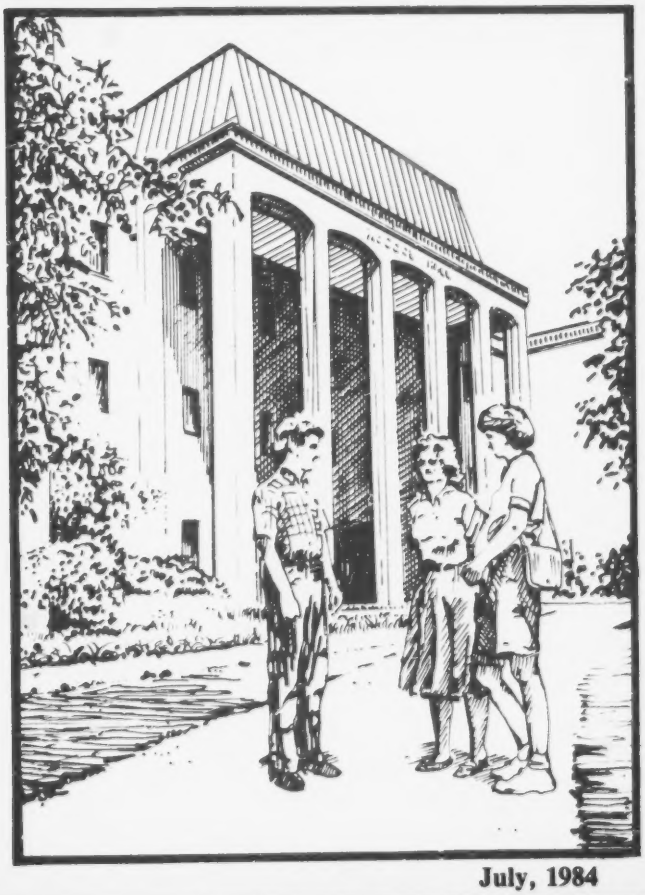
MISSISSIPPI BUSINESS REVIEW



July, 1984

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The majority of our readership is businessmen and this is the essential parameter used in evaluating articles for publication. Specifically, the article can be related to any subject in Business and Economics. It may be a presentation of results of a study by the author, a well supported opinion on a current topic or an application of some theoretical aspect of business or economics that might be applicable to the businessman. The article should be well supported, and should avoid an overly technical presentation.

The article should run 14 to 16 double spaced, typewritten pages with a 72 space line. Maximum length for one part articles should be approximately 6000 words or 24 double spaced typewritten pages with a 72 space line. Longer articles will have to be condensed or considered as a multi-part series.

Photographic illustrations should be glossy prints of sufficient size, contrast and quality for reproduction. Graphs, tables and drawings may be submitted in rough form. However, should the article be accepted the author should furnish us with finished, camera-ready illustrations.

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Tax Consequences of Real Estate Investment

By

Dr. Joseph Albert
and
Dr. P.R. Chandy

Introduction

Any student of economics knows that when a needed resource becomes scarce its value is likely to increase. This is exactly what is happening to real estate as our population and gross national product rise. Projections put our population at 325 million with a fivefold increase in GNP by the year 2000. With this type of growth there is going to be a large demand-generated shortage of real assets which in turn is going to make real estate an even more valuable resource than it is today. This obvious need for real assets combined with the favorable treatment accorded real estate in the tax law, makes real estate a strong investment candidate.

The Economic Recovery Tax Act of 1981 has enhanced real estate's attractiveness as a tax shelter. Indeed, it is possible to increase the rate of return to the equity position in real estate investments as much as 100% through creative tax planning. Such an increase involves **no** additional equity contribution or substantial risk exposure. It comes instead from maximizing the tax shelter components of the investment allowed under ERTA. The important sections of the act that enhance real estate as an investment involve 1) ACRS, the accelerated cost recovery system which enables you to write-off real estate over 15 years; 2) a continued capital gains tax of 20%; and 3) the reporting of gain on the installment basis even if you received more than 30% of the price in the year of sale.[1] The best way to examine tax planning needs in real estate is to do so in a step-by-step analysis of the investment cycle. This cycle involves three phases, an origination phase, an operations phase, and the reversion phase. Each of these phases has very visible tax consequences that will be addressed in order.

I. Origination Phase

Ordinarily a first step in purchasing property is to acquire an option to purchase. There may be any number of reasons why an individual decides on an option instead of an immediate purchase. The most common reason is to allow the investor to lock in the price of the property for a period of time sufficient to do a market and feasibility study of the project. If the project is feasible the option is exercised and the investment made, if not, the investment is abandoned and the option either sold or taken as a tax loss. Other reasons may be to allow time for arranging financing or acquire adjacent property to shield the project from future competitors.

Whatever the reason, if the option holder exercises his privilege and buys the property, the cost of the option is included in the purchase price. If the holder fails to exercise his option in time, then the cost of the option is treated as a loss. If the individual is a dealer in real estate, the loss will be ordinary; if not, then it will be a capital loss. Then again if the holder is not a dealer but the property is depreciable, the loss falls under Section 1231 if held for more than one year; otherwise, it is an ordinary loss.

Another choice is to sell the option to purchase. In this case if the holder recognizes a gain, the type of gain depends on the classification as a dealer or investor in the property. Also, this will depend on the type of property and the length of time the option is held. In short, a sale is treated exactly the same as the failure to exercise above.

Once a positive investment decision has been made, two immediate tasks are undertaken. Initially, the investors' tax basis in the property must be determined, followed by a partitioning of the basis into depreciable and non-depreciable components. Both of these tasks become crucial because an error at this point could lead either to a loss of tax savings or a successful challenge by the IRS.

Tax basis in a real estate investment will generally be substantially greater than the purchase price of the property due to numerous front end costs which must be capitalized rather than expense. Any incurred cost associated with acquiring free and marketable title to real estate becomes part of the tax payers basis in the asset and can be recaptured for tax purposes over the 15 year write-off period. Some examples of such costs are,

1. Appraisal Fees,
2. Survey costs,
3. Attorney Fees,
4. Title Fees and Tax Stamps,
5. Brokerage Fees and Commissions,
6. Other front end costs necessary to begin operations.

In most real estate transactions front-end costs are encountered which are not capitalized into the basis but are deductible over some other period. For example, yield points and loan origination fees on mortgage loans must be deducted ratably over the term of the mortgage. If organizational fees to establish the ownership entity are incurred, a five year write-off is allowed.

It is generally preferable to have front end costs, which are not deducted in the year of acquisition, tied to write-off periods other than that of the depreciable basis. The reasoning is apparent when the disposition of the asset is considered. For example, unamortized front end loan points represent a reduction of ordinary income at the time the property is sold rather than a reduction of the capital gain. Unamortized partnership organizational fees represent an ordinary loss at the time of disposition rather than a reduction of capital gain. It behooves the investor to become creative when assigning front end costs at the origination phase of the real estate investment.

Partitioning the tax basis in the property is the second significant task at the origination phase. It is advantageous to the investors to have the largest defensible depreciable basis and the smallest defensible non-depreciable basis. In general the land and non-wasting improvements to the land are non-depreciable. However, some non-wasting improvements such as plants, shrubs, and trees which are adjacent to buildings can be recaptured in the 15 year write-off period. The logic for such recapture lies in their inevitable destruction at the time the building is demolished or removed, thereby tying their life to the economic life of the building.

The best evidence of depreciable basis in the eyes of the IRS is the expert opinion of a professional appraiser. It is however, not the only evidence. Valuations of the local property tax assessor are often acceptable as an indication of the relative values of the two basis components. In some cases values specified in the contract of sale and purchase can be used to support the partitioning. Whatever evidence is used to determine the depreciable basis, it should be sufficient to defend the value if challenged by the IRS.

II. Operations Phase

If the investor plans to keep the income-producing property for an extended length of time, this phase is of the utmost importance. No discussion here would be adequate without a good look at the new ACRS rules of Section 168 of the Internal Revenue Code. This is where the real enhancement of real estate comes from in the new act. Real property (except land) can now be written off in 15 years. The traditional straight line method may be used or 175% declining balance combined with a switch to straight line when it is most advantageous. Periods of 35 and 45 years may also be used but without 175% declining balance. Only straight line may be used over these extended periods.

Something new has been tossed in for recapture. If the 175% declining method is used on nonresidential type property, all depreciable taken is recaptured as ordinary income. If the declining balance method is used on residential property (i.e., apartment complexes), then the excess amount of the declining balance depreciation taken over straight line is recaptured as ordinary income. The rest of the gain would be capital gain.

The choice between accelerated and straight line depreciation rests on the anticipated holding period of the investor and his susceptibility to tax preference treatment. In the absence of minimum tax on excess depreciation, accelerated depreciation is the automatic choice for the high income, tax conscious investor in residential property. For the investor in commercial property accelerated depreciation is desirable only when an extended holding period is anticipated because of the

complete recapture as ordinary income of all depreciation taken.

The minimum tax on excess depreciation makes straight line the only choice for many investors no matter what type of property is being purchased. For those investors who cannot shelter excess depreciation from the minimum tax, accelerated depreciation should only be used when the present value of the tax savings during the operations phase is greater than the present value of the relatively larger tax burden at reversion. The tax conscious investor should consult with his tax advisor on his minimum tax profile before choosing the accelerated write-off.

During the operation phase there is going to be repair expense. There is a fine line between whether these expenses are going to be deductible immediately or over the life of the property. Repairs and maintenance that do not extend the life of the property will normally pass as currently deductible; but if the repair work noticeably enhances the life span of the property, it must be capitalized and depreciated.

A new twist in the law enables commercial real property that has been revitalized after 1981 to get an investment credit of 20% for buildings of 40 years old or older and 15% if between 30 and 40 years. One catch here is that this is allowed only if the straight line method of depreciation is chosen and so long as the revitalization expenditures are more than the property's adjusted basis.

III. Reversion Phase

Probably the most involved phase as far as tax planning goes is the termination or reversion phase. The law leaves us several alternative ways to lessen the tax burden from disposition of the property. The investor may be faced with the not so uncommon situation where his property has been destroyed by some natural cause. The tax rules involved are rather simple as tax law goes but still need some re-wording. Under Section 165, a casualty loss (i.e., insurance does not cover the entire adjusted basis) is taken in the casualty year. The loss may be deductible in the succeeding year of the area is declared a disaster area. In that case you have the option of selecting which year to use. This might be taken into consideration in tax planning according to your taxable income in the year of loss or succeeding years.

Not to be sarcastic, gains may be realized from a casualty. This would normally happen where the insurance proceeds received are more than the adjusted basis of the property destroyed. This gain will be recognized. The Congress did think a little about the "wherewithal to pay" concept and enacted Section 1033 which gives the taxpayer two years after the casualty year to replace the lost property. Section 1033 makes a slight distinction in the type of replacement property that can be used. For instance, if the property owner actually uses the property he must replace that property with as close a substitute as possible (i.e., a farm with a farm). If, on the other hand, the owner is an investor, he has a little more room to operate and might get away with reinvesting in something else so long as it was real estate. So long as the price paid for the property is as much as any insurance proceeds received, then no gain is recognized until later disposal.

Another property disposal that happens from time to time is condemnation (eminent domain law). Again, under Section 1033 an individual has 3 years after the condemnation year to replace the property. If, the owner replaces condemned property with property that costs at least as much as the proceeds received, he can avoid the casualty gain.

The most often used method of termination is an outright sale of the property. The sale under the new law can very easily fall under the installment sale provision of the code. Any extended payment plan started after 10/19/80 will be considered under the installment provisions of Section 453 unless the seller decides not to use Section 453 and thus recognize the entire gain in the first year. This option may come in handy if the investor knows this projected income for coming years is fairly accurate. In this way he may be able to avoid the higher tax rates under our present graduated tax system. Section 453 also assumes that more cash is received than is actually the case, if the property sold was subject to a claim against it in an amount in excess of its adjusted basis. This in turn increases the gain to be recognized.

The seller must be wary of Section 453 when assuming the entire amount of the installment coming in every year is capital gains income. In fact, the code will force the seller to charge a certain amount of interest to be recognized at ordinary rates. If the installment agreement does not charge 9% interest on a sale after 6/30/81, then 10% interest will be assumed charged by the IRS and will convert the supposed interest received to ordinary income. With the restrictive nature of the installment sale, the seller may be concerned about its real usefulness in a disposition. He will need only remember that this provision is to help him spread his gain over time to lower his tax burden and that any imputed in-

terest recognized is going to be rather small when compared to recognizing the entire gain in the one year.

The law used to require the seller to receive not more than 30% of the selling price in the sell year, but under the new Act, has been discontinued. Also under 453(b) the seller can now have as few as 2 payments (first and second) and they will still be considered as installments.

Under the Installment Sales Revision Act passed in 1980, installment sales were discontinued for sale to certain elated parties. This act is not as restrictive as it appears. If, for instance, a father sells property to his son, an installment can still be used with resulting capital gains treatment. Under Section 453(3), if the son sells his newly acquired property before the father is completely paid off, the father will have to recognize the remainder of the installment in that year. All the son has to do to pass over this hurdle is to make sure the sale is under an installment agreement longer than his father's or sell it two years later. Care must be taken when related parties are involved with a much closer examination of the code that can be accorded here.

A sometimes popular alternative to a sale is a "like-kind" exchange under Section 1031. Here no gain **or loss** is recognized when the property used in a trade or business, or held for investment is traded for "like-kind" property (i.e., real property for real property). This could easily be a way to step up a depreciable basis without spending any cash (or very little cash). A good way to picture this is by way of an example. For instance, suppose you own some residential property worth about $1 million with an outstanding mortgage of $500,000 and an adjusted basis of $450,000. You find some real estate (not necessarily residential property) you can effect a trade for. Its value is $2.1 million with a $1.5 million debt against it. To effect the trade you must pay $100,000 to balance the equities.

The computation of realized and recognized gain and new basis in an exchange would be :

Realized and Recognized Gain

Value of real estate received	$2,100,000
Less: Additional debt assumed	(1,000,000)
Cash (Boot) paid	(100,000)
Basis in old property	(450,000)
Gain realized	$550,000
Gain recognized	-0-

New Basis Computation

Basis in old property	$450,000
Plus: Additional debt assumed	1,000,000
Cash (Boot) paid	100,000
New Basis	$1,550,000

A couple of things have been accomplished: 1) no tax is paid and 2) you have stepped up your depreciation deduction. Looking beyond the numerical example, this method can be very popular if the individual is short of needed cash. There is a problem though; if the individual's old basis is pre-1981 basis, he will not be able to use ACRS on it. But he will be able to use the 15-year write-off of ACRS on any new basis acquired.

Even though an individual may not want to recognize any gain in the year of sale but will have to if he effects a trade in which he receives boot, he may still be able to get out of immediate recognition. This can be done by accepting a note instead of cash and recognizing the gain on the installment basis as the note is paid off. The same installment rules discussed previously will be applicable.

The last relatively common problem (especially in recessionary times as we have now) is when the seller has to repossess the property. Under Section 1038 he will have to recognize gain in the amount of any payments received. The rules are considerably more complicated, but the emphasis here is to make the reader aware of the potential recognition upon repossession.

Conclusion

If population in the United States continues to grow and the tax laws continue to provide favored treatment for real estate, then real estate will remain a strong candidate for investment purposes. The Economic Recovery Tax Act of 1981 has enhanced the attractiveness of real estate as a tax shelter. Substantial tax benefits can be derived from real estate investments through deductions for interest payments on mortgages, property taxes and depreciation on buildings. In this paper, we have shown that one can substantially increase the return on equity (in a real estate investment) through creative tax planning. A step by step analysis of the investment cycle consisting of the origination phase, operations phase and the reversion phase was provided to explain the tax consequences of real estate investment.

It is important to plan ahead, and to keep track of new developments in tax laws. Tax research is especially important, since no two situations are exactly alike in real estate transactions.

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Dr. Chandy

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NEW AND EXPANDED INDUSTRY

Town Firm Product	No. of Employees
NEW	
Aberdeen	
Valley Grain Co.	
Grain Storage Complex	60
Centerville	
Miss. Hardwood, Inc.	
Lumber & Wood Products	25
Horn Lake	
Moore & Sons	
Armored Trucks	100
Okolona	
Chieftain Sportswear	
Men's shorts, swim trunks	20
Pittsboro	
Washington Furniture Mfg. Co. #2	
Living Room & Den Furniture	40
Pontotoc	
Landmark Co.	
Upholstered Furniture	50
Tupelo	
McMann Cabinet Co.	
Custom Cabinets & Furniture	[illegible]
Winona	
U.S. Cattle Corp.	
(South Bay Growers, Inc.)	
Corrogated Plastic	35
EXPANDED	
Belzoni	
Jockey International	
Garment	5
Burnsville	
Dixie Sportswear	
Sportswear	200
Cary	
Belmont Gin Co.	
Cotton Gin	3
Kosciusko	
Interstate Industries	
Auto Wire Harness	60
Louisville	
Superior Wood Treatments, Inc.	
Treated Wood Products	71
Pontotoc	
Pontotoc Springs	
Coil Springs	10
Tupelo	
Day-Brite Corp.	
Light Fixtures	200
West Point	
Fisher Marine, Inc.	
Boats	-0-

GENERAL FUND
Comparing July 1, 1983-May 31, 1984

	May 1984	May 1983
Sales Tax	$55,454,018(1)	$49,666,042
Use & Wholesale Compensating Tax	7,372,122 (2)	8,156,108
Individual Income Tax	26,651,846	29,550,000
Corporate Tax	6,081,886	3,405,960
Tobacco Tax	2,617,440	2,600,303
ABC Division	1,625,778	2,378,099
Beer & Wine Tax	1,985,239	1,814,322
Oil Severance Tax	2,500,000	3,114,980
Estate Tax	1,054,113	582,033
Statewide Privilege Tax	168	37,612
Installment Loan Tax	14,949	8,392
Gas Severance Tax	1,568,359	2,371,834
Insurance Premium Tax	10,466,610	10,241,565
Auto Tag Fees	321,345	339,627
Auto Privilege Tax	190,266	123,534
Title Fees	111,951	107,678
Petroleum Tax	383,606	415,890
Admission Tax	32,544	27,226
Timber Severance Tax	——	24,859
Slot Vending Tax	10,396	19,266
Pulpwood Scaling Fees	8,574	9,807
Fire Marshal Fees	12,359	1,461
Freeport Warehouse Tax	10	10
Aircraft Registration Fees	1,157	4,980
Int. on Direct Deposits	67,597	46,009
Tax Commission Transfer to Gen. Fund	$118,532,331	$115,047,600
Tax Comm. Special Fund Transfers	46,707,866	44,878,176
Tax Commission Total Transfers	$165,240,197	$159,925,776

(1) 2% Discount allowed and not included-$680,124

(2) 2% Discount allowed and not included-$ 43,133

Tax Commission Cash Balance May 31, 1984-$39,987,244

Tax Commission Cash Balance May 31, 1983-$10,799,992

COLLECTIONS
With July 1, 1982-May 31, 1983

7/1/83 to 5/31/84	7/1/82 to 5/31/83	Increase or Decrease over Prior Year	
		Amount	Percent
$476,037,508 (1)	$441,096,529	$34,940,979	7.92
88,699,018 (2)	73,011,861	15,687,157	21.49
222,038,074	170,642,977	51,395,097	30.12
146,525,726	104,400,261	42,125,465	40.35
26,363,473	26,920,185	(556,712)	(2.07)
26,807,803	26,727,288	80,515	0.30
19,821,197	19,565,569	255,628	1.31
40,521,243	44,299,157	(3,777,914)	(8.53)
8,200,895	7,642,224	558,671	7.31
389,531	741,969	(352,438)	(47.50)
2,186,432	1,983,222	203,210	10.25
25,728,898	32,660,853	(6,931,955)	(21.22)
41,984,845*	49,045,719*	(7,060,874)	(14.40)
4,303,337	4,060,979	242,358	5.97
3,538,646	3,265,496	273,150	8.36
1,181,470	1,096,634	84,836	7.74
4,662,108	4,452,055	210,053	4.72
338,077	286,048	52,029	18.19
43,569	419,570	(376,001)	(89.62)
644,094	651,969	(7,875)	(1.21)
102,526	75,279	27,247	36.19
156,534	200,061	(43,527)	(21.76)
160	150	10	6.67
13,267	14,857	(1,590)	(10.70)
683,645	46,009	637,636	——
$1,140,972,075	$1,013,306,924	$127,665,151	12.60
536,541,881	464,204,921	72,336,960	15.58
$1,677,513,956	$1,477,511,845	$200,002,111	13.54

(1) 2% Discount allowed and not included-$6,352,783

(2) 2% Discount allowed and not included-$818,681

*Collections reflect four quarters in FY 1983 and three quarters in FY 1984.

Food Stamp Participation By County, May, 1984

SOURCE: State Welfare Department

County	Number of Households[2] (Average Allotment $130.79)	Number of Persons[3] (Average Allotment $41.62)	Coupon Value[4] (Average Per Meal $.46)
Adams	2,750	7,935	359,233
Alcorn	2,048	5,074	204,350
Amite	831	2,896	103,888
Attala	1,649	4,439	191,437
Benton	712	2,381	91,443
Bolivar,	4,127	15,666	646,053
Calhoun	464	2,550	92,201
Carroll	787	2,315	85,979
Chickasaw	966	2,621	87,770
Choctaw	677	1,882	72,726
Claiborne	1,183	3,793	167,195
Clark	1,118	3,036	118,182
Clay	1,537	4,778	205,263
Coahoma	3,702	13,271	558,299
Copiah	1,891	6,084	246,910
Covington	1,148	3,728	143,020
DeSoto	1,880	6,385	255,384
Forrest	4,195	11,487	518,821
Franklin	826	2,344	95,540
George	1,199	3,628	160,213
Greene	920	2,788	121,422
Grenada	1,151	3,546	138,237
Hancock	1,748	4,886	224,366
Harrison	6,070	18,724	855,997
Hinds	13,596	40,975	1,875,046
Holmes	3,344	11,103	480,863
Humphreys	1,203	4,654	176,604
Issaquena	230	939	32,774
Itawamba	792	1,915	65,725
Jackson	4,963	16,006	801,348
Jasper	1,210	3,866	146,364
Jefferson	907	3,010	112,456
Jeff Davis	1,303	4,028	160,355
Jones	2,894	8,220	323,980
Kemper	697	2,299	83,416
Lafayette	1,052	3,053	115,147
Lamar	1,551	4,321	188,824
Lauderdale	3,944	11,652	495,729
Lawrence	830	2,379	94,697
Leake	1,767	5,110	201,120
Lee	2,009	5,199	207,207
Leflore	3,018	10,884	447,826
Lincoln	2,106	6,301	263,323
Lowndes	2,672	8,700	363,577
Madison	3,321	11,616	496,200
Marion	1,670	5,257	228,218
Marshall	2,754	9,293	371,065
Monroe	1,889	5,737	219,667
Montgomery	1,308	3,825	134,369
Neshoba	1,481	4,164	156,067
Newton	1,202	3,400	127,129
Noxubee	1,541	5,318	208,363
Oktibbeha	1,992	6,104	262,192
Panola	2,387	8,791	348,058
Pearl River	1,975	5,718	249,538
Perry	1,082	3,011	122,860
Pike	2,471	7,452	332,387
Pontotoc	1,063	2,594	93,542
Prentiss	1,198	3,135	114,376
Quitman	1,300	4,843	195,604
Rankin	2,026	6,099	247,732
Scott	1,488	4,577	172,047
Sharkey	903	3,689	140,850
Simpson	1,302	3,663	142,534
Smith	792	2,370	82,371
Stone	727	2,415	105,474
Sunflower	2,607	10,664	410,414
Tallahatchie	1,809	7,058	283,923
Tate	1,410	4,481	167,643
Tippah	1,278	3,484	127,332
Tishomingo	1,061	2,577	94,762
Tunica	1,248	4,470	100,126
Union	1,073	2,907	100,126
Walthall	1,173	3,987	158,187
Warren	2,950	8,723	393,861
Washington	6,035	21,141	927,680
Wayne	1,760	5,350	224,119
Webster	677	1,749	66,367
Wilkinson	1,076	3,351	131,756
Winston	1,722	5,117	196,914
Yalobusha	981	2,702	101,216
Yazoo	2,717	8,441	363,287
State Total	159,667	501,774	$20,882,942

[1]Meals are on a state-wide basis and is computed on an average 30 day month and 3 meals per day for a total of 90 meals in one month.
[2]Average Allotment for Households is determined by dividing state total by number of state total of households.
[3]Average Allotment for Persons is determined by dividing state total by total number of person.
[4]Average per meal is determined by dividing the average allotment per person ($41.62) by total number of average meals a month (90).

Sales Indicated By Sales Tax Collections During May, 1984 By County (000's)

Source: State Tax Commission

County	Total Sales Tax Collections	Indicated Sales
Adams	1,963	36,643
Alcorn	982	18,156
Amite	232	5,580
Attala	453	8,140
Benton	71	1,356
Bolivar	987	18,709
Calhoun	313	6,159
Carroll	114	2,220
Chickasaw	380	7,412
Choctaw	132	2,759
Claiborne	345	10,871
Clarke	253	5,503
Clay	418	8,055
Coahoma	1,034	19,249
Copiah	478	9,494
Covington	542	9,805
DeSoto	890	17,443
Forrest	3,228	59,951
Franklin	163	3,786
George	302	5,500
Greene	111	2,118
Grenada	759	13,213
Hancock	710	12,722
Harrison	6,328	128,446
Hinds	12,743	244,409
Holmes	357	6,365
Humphreys	269	5,318
Issaquena	10	304
Itawamba	294	5,804
Jackson	3,080	67,108
Jasper	304	5,764
Jefferson	86	1,602
Jeff Davis	259	5,023
Jones	2,573	48,621
Kemper	118	2,277
Lafayette	829	18,020
Lamar	542	9,804
Lauderdale	3,282	63,010
Lawrence	192	3,630
Leake	405	7,720
Lee	3,078	58,880
Leflore	1,343	25,237
Lincoln	934	16,934
Lowndes	2,110	40,305
Madison	1,412	26,826
Marion	839	15,829
Marshall	469	8,575
Monroe	1,040	23,389
Montgomery	287	5,317
Neshoba	553	10,191
Newton	409	7,791
Noxubee	198	3,710
Oktibbeha	944	17,088
Panola	784	14,975
Pearl River	892	16,535
Perry	214	7,088
Pike	1,374	25,613
Pontotoc	363	7,043
Prentiss	517	10,543
Quitman	194	3,818
Rankin	2,556	50,385
Scott	615	11,641
Sharkey	177	3,365
Simpson	578	11,127
Smith	179	3,565
Stone	246	4,443
Sunflower	752	15,159
Taliahatchie	278	5,190
Tate	453	8,442
Tippah	450	8,442
Tishomingo	392	7,289
Tunica	184	3,483
Union	466	8,608
Walthall	261	5,006
Warren	1,809	36,288
Washington	2,235	40,900
Wayne	475	8,740
Webster	196	3,625
Wilkinson	241	4,575
Winston	367	6,804
Yalobusha	243	4,494
Yazoo	804	15,153
State Total	82,247	1,604,425

Software Tax Issues Affect Developers *and* Users

Like a glitch in the computer, tax considerations of computer software may need some troubleshooting on the part of most companies. These tax concerns affect every business that uses software—whether it's acquired from outside, developed internally for its own use or developed for licensing and resale. Unless a company is very careful, it may find itself with either more taxes or fewer deductions than it should have.

According to George J. Yost, a Boston-based C&L partner specializing in high tech companies, "The U.S. computer industry is experiencing severe foreign competition from both manufacturers and governments. Under the circumstances, you'd think the government would adopt tax policies that provide incentives for software development to help us maintain our competitive lead. But this hasn't always been true. In some cases, the tax laws actually provide disincentives."

Here's a rundown of what to look for and look out for.

Does Software Development Qualify as Research?

One of the most important tax incentives for high tech companies is the research tax credit, inserted in the tax law of 1981. This credit is available only to businesses that *increase* their research expenditures, and the credit is 25% of any year's increase in research spending over a defined base period level.

In interpreting this provision, however, the IRS took the position that software development costs would generally not constitute research that qualified for the credit. After a storm of protest, the IRS indicated it would back off its original position and make the credit more available to software developers. To date, though the IRS has yet to publish its final regulations. What will finally happen remains uncertain.

Investment Tax Credit

It's not clear whether software is eligible for the investment tax credit at the moment a user acquires it. The IRS position is that the investment credit can be taken only on software that's purchased with computer hardware, where both software and hardware costs are included. Implicit in this is that investment credit will not be allowed on software purchased separately from hardware.

Even so, there may be a position available to taxpayers who purchase software separately to take investment credit on it.

DISC Benefits

Another software question arises in connection with the Domestic International Sales Corporation (DISC). Businesses are allowed to organize DISC subsidiaries to postpone income tax on part of the profits from exports. The problem is that the DISC provisions apply only to qualified tangible property, and the question could arise: Will software be treated as qualified DISC property? There are several substantive arguments that can be made about why software should qualify for DISC benefits. But software developers that do business internationally need to consider this issue carefully.

Licensing Software to Foreign Users

Many foreign countries impose a withholding tax on software licensing fees paid by their nationals to U.S. companies. This tax could be extremely burdensome, since it's usually a percentage of *gross* licensing payments.

Thus, for example, if a company earns a 30% profit on its gross licensing revenue, then a 20% withholding

tax would constitute 67% of the company's taxable income.

Personal Holding Company Status

There's a possibility that some new software development companies might be subject to the punitive taxes that apply to personal holding companies. (In a personal holding company, more than 50% of the stock is owned by no more than five individuals and at least 60% of its gross income is received from royalties and rents.) So, a software company that licenses its product may well have a personal holding company problem. Though if it sells the product, there shouldn't be any difficulty.

Collapsible Corporations

This is another area of tax uncertainty. If a software company is sold before the software it owns has produced a substantial part of its potential revenue, it may be treated as a collapsible corporation. That means that the profit on the sale of the stock could be taxed as ordinary income rather than as capital gain.

Open Questions

A great deal of ambiguity exists at both the federal and state levels on how software should be taxed. And there are several major open tax questions facing the software industry that need to be addressed quickly.

One important reason for this state of affairs is that technology has advanced faster than tax law. Thus, the current set of tax rules that provides various incentives, like the investment tax credit, and penalties or disincenties, like the personal holding company tax, simply are inappropriate when applied to software. These laws were clearly not designed with the software industry in mind. As a result, the software industry has found itself in the position of having to deal with a set of tax rules that aren't only ambiguous when applied to it, but in many respects actually discriminate against it.

Concludes Yost, "Given software's widespread applications and importance to most businesses, this is a situation that should be rectified as soon as possible. Until then, both developers and users of software have to be alert to the tax issues they may face."

SOURCE: Coopers & Lybrand, **Executive Alert Newsletter**, May, 1984.

Crop and Livestock Reporting Service

MISSISSIPPI AND U.S. INDEX NUMBERS
1977 = 100

GROUP	May 15 1983	April 15 1984 1/	May 15 1984
MISSISSIPPI			
All Commodities	108	127	129
All Crops	92	113	122
Oil Bearing	88	118	123
Cotton	98	106	122
Livestock & Livestock Products	129	147	139
Meat Animals	166	165	158
Poultry	98	136	127
Dairy	133	132	128
Ratio of Prices Received to Paid 2/	67	77	78
United States			
Prices Received	137	146	144
Prices Paid, Interest, Taxes & Wage Rates	161	166	166
Parity Ratio 3/	85	88	87

1/ Revised. 2/ Ratio of Miss. Prices Received to U.S. Prices Paid. 3/ Ratio of Index of Prices Received by Farmers to Index of Prices Paid, Interest, Taxes and Farm Wage Rates.

SOURCE: Mississippi Crop and Livestock Reporting Service, Jackson, Mississippi, April 6, 1984.

Mississippi Agriculture Report
May, 1984

The May 15, 1984 Index of Prices Received by Mississippi Farmers for all commodities was up 2 points, (2 percent) at 129 percent of its January-December 1977 average. The **All Crops Index** was up 9 points (8 percent) at 122 percent of its January-December 1977 average. The **Livestock Products Index** was down 8 points (5 percent) at 139 percent of its January-December 1977 average.

PRICES RECEIVED AND PAID BY FARMERS--MISSISSIPPI

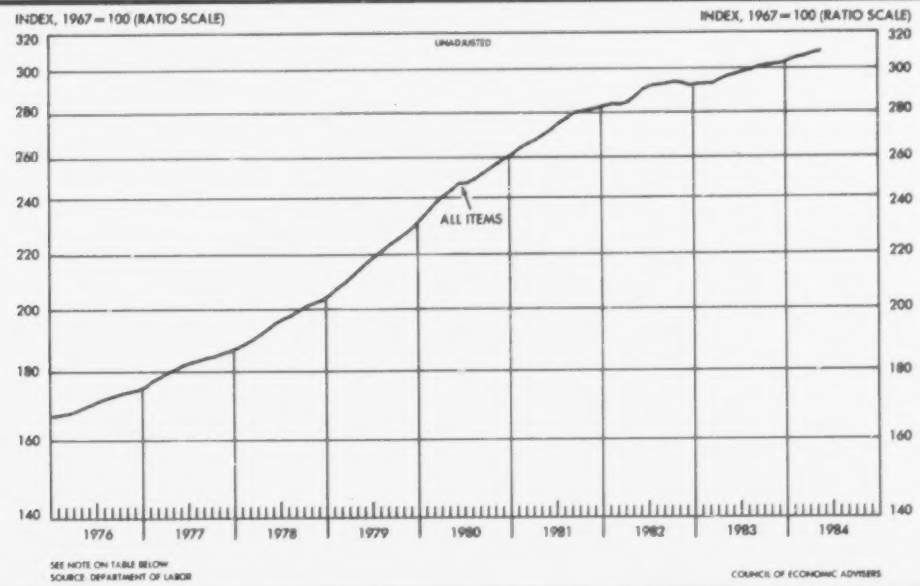
COMMODITY	UNIT	May 15 1983	Apr 15 1984 3/	May 15 1984
		Dollars		
PRICES RECEIVED				
Rice 4/	Cwt.	8.23	8.49	8.08
Sweet potatoes	Cwt.	7/	7/	7/
Soybeans	Bu.	6.33	7.87	7.28
Cotton	Lb.	.587	.634	.735
Cottonseed	Ton	7/	7/	7/
Hogs 4/	Cwt.	45.90	47.50	47.80
Cows	Cwt.	40.00	39.50	38.20
Steers & Heifers	Cwt.	57.70	58.00	56.80
Beef Cattle	Cwt.	47.70	48.40	47.10
Calves	Cwt.	60.30	58.50	54.20
Milk Cows 1/	Head	6/	880.00	6/
All Milk, Whsl.	Cwt.	13.60	13.40	13.00
Fluid	Cwt.	13.60	13.50	--
Mfg.	Cwt.	12.60	11.80	--
Comm. Broilers 2/	Lbs.	.260	.355	.345
Eggs	Doz.	.578	.838	.641
PRICES PAID FOR FEED				
Hog Feed, 14-18% Protein	Cwt.	11.00	12.00	12.00
Beef Cattle Concentrate, 32-36% Protein	Cwt.	11.50	13.50	13.50
Cottonseed Meal, 41% Protein	Cwt.	12.00	14.50	15.00
Soybean Meal, 44% Protein	Cwt.	13.50	13.50	14.00
Dairy Feed, 16% Protein	Ton	179.00	198.00	200.00
Chick Starter	Ton	192.00	197.00	198.00
Laying Feed	Ton	158.00	190.00	190.00
Broiler Grower	Ton	197.00	190.00	194.00

1/ Animals sold for dairy herd replacement only. 2/ Liveweight equivalent. 3/ Prices for rice, milk, soybeans, cotton and livestock relate to the average prices for all sales during the month. 4/ U.S. Price. 5/ Market (table) eggs, including eggs sold retail by producers. 6/ Prices published January, April, July and October.

SOURCE: Mississippi Crop and Livestock Reporting Service.

CONSUMER PRICES

In May, the consumer price index for all urban consumers rose 0.2 percent seasonally adjusted (0.3 percent not seasonally adjusted). The index was 4.2 percent above its level in May 1983.



SEE NOTE ON TABLE BELOW
SOURCE: DEPARTMENT OF LABOR

COUNCIL OF ECONOMIC ADVISERS

(1967 = 100, except as noted; monthly data seasonally adjusted, except as noted)

Period	All items [1] NSA	Food	Housing						Apparel and upkeep	Transportation			Medical care	Energy [4]	All items less food, energy, and shelter
			Total [1]	Shelter				Fuel and other utilities		Total [1]	New cars	Motor fuel [3]			
				Total	Renters' costs [2]	Homeowners' costs [2] NSA	Maintenance and repairs NSA								
Rel. imp. [5]	*100.0*	*18.7*	*37.6*	*21.5*	*7.0*	*14.0*	*0.5*	*8.2*	*5.2*	*21.5*	*3.5*	*5.9*	*6.1*	*11.9*	*47.9*
1976	170.5	180.8	174.6	179.0	.....	.....	199.6	182.7	147.6	165.5	135.7	177.9	184.7	189.3	159.9
1977	181.5	192.2	186.5	191.1	.....	.....	214.7	202.2	154.2	177.2	142.9	188.2	202.4	207.3	169.5
1978	195.4	211.4	202.8	210.4	.....	.....	233.0	216.0	159.6	185.5	153.8	196.3	219.4	220.4	179.1
1979	217.4	234.5	227.6	239.7	.....	.....	256.4	239.3	166.6	212.0	166.0	265.6	239.7	275.9	191.5
1980	246.8	254.6	263.3	281.7	.....	.....	285.7	278.6	178.4	249.7	179.3	369.1	265.9	361.1	208.3
1981	272.4	274.6	293.5	314.7	.....	.....	314.4	319.2	186.9	280.0	190.2	410.9	294.5	410.0	228.1
1982	289.1	285.7	314.7	337.0	.....	.....	334.1	350.8	191.8	291.5	197.6	389.4	328.7	416.1	245.6
1983	298.4	291.7	323.1	344.8	103.0	102.5	346.3	370.3	196.5	298.4	202.6	376.4	357.3	419.3	258.4
1983: May	297.1	292.1	321.1	342.3	102.2	102.0	344.3	368.4	195.7	296.4	201.1	379.8	354.8	420.5	256.3
June	298.1	291.5	321.9	343.3	102.5	102.2	345.1	369.3	196.3	297.3	201.3	381.0	356.5	421.6	257.1
July	299.3	291.2	323.2	345.1	103.1	102.7	346.1	370.7	197.3	298.7	201.7	382.5	358.5	423.2	258.4
Aug	300.3	291.7	324.1	346.3	103.6	103.0	347.9	371.9	197.9	300.8	203.3	383.7	360.3	424.6	259.7
Sept	301.8	292.3	325.3	348.0	104.2	103.5	346.6	372.9	198.2	302.8	204.9	383.7	361.7	425.1	260.9
Oct	302.6	293.5	326.0	349.3	104.6	103.9	351.1	372.2	198.2	304.4	205.5	383.2	362.9	424.2	262.2
Nov	303.1	294.1	327.4	350.7	105.0	104.3	353.4	374.4	198.5	305.5	205.3	381.6	364.7	424.5	263.5
Dec	303.5	295.4	328.1	351.8	105.3	104.5	354.7	373.8	198.5	306.1	205.7	379.8	366.0	423.3	264.2
1984: Jan	305.2	300.2	329.6	353.0	105.7	104.9	356.7	378.2	199.0	308.7	205.6	375.9	368.6	421.7	265.8
Feb	306.6	302.2	331.1	353.8	106.0	105.1	353.5	384.8	198.5	306.6	206.4	370.5	371.5	422.7	266.7
Mar	307 3	301.8	331.2	355.3	106.5	105.6	355.3	380.9	198.6	309.4	207.4	374.0	373.5	421.8	267.8
Apr	308.8	301.7	333.3	357.6	107.4	106.2	356.3	383.9	198.5	311.2	207.6	375.4	375.3	424.7	269.1
May	309.7	300.9	334.1	358.7	107.8	106.5	357.3	384.6	198.6	312.7	207.2	376.1	377.3	425.4	270.0

[1] Includes items not shown separately.
[2] December 1982 = 100.
[3] Includes direct pricing of diesel and gasohol beginning September 1981.
[4] Fuel oil, coal, and bottled gas; gas (piped) and electricity; and motor fuel. Motor oil, coolant, etc. also included through 1982.
[5] Relative importance, December 1983.

NOTE.—NSA indicates data are not seasonally adjusted.
Data beginning 1978 are for all urban consumers; earlier data are for urban wage earners and clerical workers.
Data beginning 1983 incorporate a rental equivalence measure for homeownership costs and therefore are not strictly comparable with figures for earlier periods.
Source: Department of Labor, Bureau of Labor Statistics.

Southeast Regional Economic Indicators

	NONFARM EMPLOYMENT thousands			UNEMPLOYMENT RATE percent			PLANE PASSENGER ARRIVALS thousands		
	Apr. 1984	Mar. 1984	Annual % Change	Apr. 1984	Mar. 1984	Apr. 1983	Apr. 1984	Mar. 1984	Annual % Change
ALABAMA	1,346.2	1,333.0	+ 3	11.0	12.3	14.4	120.2	118.8	+ 16
Birmingham	341.8	338.9	+ 2	10.1	11.2	13.8	56.2	54.2	+ 14
Huntsville	136.9	135.8	+ 6	8.8	10.2	10.6	23.3	24.9	+ 20
Mobile	147.5	146.4	+ 3	12.5	14.1	16.6	24.3	24.9	+ 7
Montgomery	109.3	108.4	+ 3	8.9	9.6	11.9	13.4	14.8	+ 9
FLORIDA	4,130.8	4,117.3	+ 7	5.7	5.4	8.4	2,154.5	2,720.8	– 1
Daytona Beach	90.8	90.8	+ 5	4.7	4.6	6.9	28.0	27.0	+ 1
Ft. Lauderdale	385.8	385.1	+ 4	4.6	4.3	7.2	289.9	368.0	+ 18
Jacksonville	322.9	321.2	+ 4	5.4	5.0	8.0	106.6	89.7	+ 12
Melbourne	124.7	123.4	+ 8	5.0	4.7	7.6	35.2	36.4	+ 40
Miami	751.9	753.4	+ 2	6.7	6.4	9.8	845.7	897.9	+ 11
Orlando	356.8	356.0	+ 5	5.4	4.9	6.8	432.4	455.7	+ 21
Sarasota	84.3	84.4	+ 3	3.8	3.6	6.4	77.8	99.9	0
Tallahassee	79.2	79.1	+ 2	3.8	3.3	5.0	29.4	28.5	+ 10
Tampa-St. Pete	627.5	628.8	+ 2	5.1	4.5	7.6	457.2	464.5	+ 18
West Palm Beach	250.5	250.9	+ 6	5.6	5.2	8.1	212.3	253.2	+ 18
GEORGIA	2,378.4	2,343.7	+ 6	5.8	6.3	7.8	1,788.0	1,793.6	+ 3
Atlanta	1,097.6	1,093.1	+ 5	4.8	5.1	6.5	1,715.5	1,732.3	+ 3
Augusta	126.6	126.6	+ 1	7.3	7.6	9.7	16.7	13.7	+ 28
Columbus	83.4	83.1	+ 5	7.3	7.5	9.3	8.6	8.6	– 34
Macon	102.9	102.8	+ 2	6.4	7.3	7.7	4.9	4.6	+ 13
Savannah	92.3	91.7	+ 3	7.1	7.3	8.7	42.3	34.3	+ 20
LOUISIANA	1,569.6	1,566.6	+ 1	8.9	9.2	12.4	288.4	294.6	+ 9
Baton Rouge	209.2	208.5	+ 2	7.1	7.2	10.1	26.3	27.3	+ 14
New Orleans	507.9	506.7	+ 1	7.8	8.0	11.0	262.1	267.3	+ 9
MISSISSIPPI	805.4	799.4	+ 3	9.4	10.2	13.9	33.0	35.3	+ 1
Biloxi-Gulfport	62.6	62.0	+ 1	9.5	10.0	13.8	5.7	5.6	– 2
Jackson	148.4	147.4	+ 2	5.8	6.4	8.8	27.3	29.7	+ 2
TENNESSEE	1,791.4	1,769.5	+ 5	8.5	9.2	12.6	161.0	162.1	– 4
Chattanooga	165.9	165.3	+ 1	7.9	8.2	10.8	20.3	18.4	+ 21
Knoxville	203.6	202.6	+ 1	7.7	8.2	11.4	36.5	34.2	– 34
Nashville	392.2	392.2	+ 4	5.7	6.0	8.8	104.2	109.5	+ 9

	NONRESIDENTIAL BUILDING PERMITS Millions $ 12-mo. Rate			RESIDENTIAL SINGLE-FAMILY BUILDING PERMITS No. of units, 12-mo. Rate			RESIDENTIAL MULTI-FAMILY BUILDING PERMITS No. of units, 12-mo. Rate		
	Apr. 1984	Mar. 1984	Annual % Change	Apr. 1984	Mar. 1984	Annual % Change	Apr. 1984	Mar. 1984	Annual % Change
ALABAMA	690.0	577.5	+ 99	8,247	8,037	+ 31	9,162	8,669	+ 99
Birmingham	236.5	233.9	+ 76	2,289	2,247	+ 63	1,808	1,775	+ 528
Huntsville	88.1	87.1	+ 144	1,426	1,427	+ 19	3,356	3,370	+ 229
Mobile	183.9	74.4	+ 307	856	866	+ 11	943	860	+ 8
Montgomery	*50.0*	*52.6*	+ 78	-	-	-	-	-	-
FLORIDA	4,226.0	4,243.5	+ 24	104,339	102,800	+ 48	96,613	96,120	+ 63
Daytona Beach	99.6	92.2	+ 46	4,218	4,189	+ 58	1,459	1,404	+ 50
Ft. Lauderdale	403.0	402.2	+ 19	4,700	4,581	+ 75	9,030	8,981	+ 38
Jacksonville	218.1	299.6	+ 67	5,627	5,636	+ 33	7,693	7,342	+ 117
Melbourne	146.3	143.4	+ 58	4,921	4,821	+ 79	3,210	3,194	+ 167
Miami	650.8	643.1	+ 25	6,443	5,873	+ 127	8,505	8,184	+ 34
Orlando	558.6	558.5	+ 30	13,272	13,121	+ 55	11,275	11,474	+ 201
Sarasota	91.1	89.8	+ 24	2,580	2,526	+ 36	2,030	2,000	+ 14
Tallahassee	52.0	47.5	+ 55	2,214	2,143	+ 44	792	794	+ 69
Tampa-St. Pete	681.8	670.5	+ 25	17,240	17,020	+ 50	16,815	16,636	+ 74
West Palm Beach	370.2	357.0	+ 17	10,307	10,133	+ 66	9,650	9,643	+ 79
GEORGIA	1,498.6	1,498.7	+ 44	44,321	43,632	+ 40	25,970	26,393	+ 49
Atlanta	1,075.5	1,084.7	+ 43	31,028	30,389	+ 49	16,396	16,171	+ 81
Augusta	48.0	49.6	+ 53	2,627	2,590	+ 54	1,041	1,418	– 6
Columbus	42.0	41.4	+ 71	623	634	+ 74	1,103	1,127	+ 185
Macon	44.7	42.4	+ 59	-	-	-	-	-	-
Savannah	47.5	56.0	– 4	-	-	-	-	-	-
LOUISIANA	1,193.3	1,164.0	+ 8	16,537	16,639	+ 21	18,018	18,096	+ 70
Baton Rouge	242.5	253.6	+ 10	3,508	3,605	+ 23	4,153	3,673	+ 66
New Orleans	472.5	458.4	+ 21	6,685	6,628	+ 40	6,366	6,746	+ 54
MISSISSIPPI	223.3	217.1	+ 37	5,054	4,917	+ 25	5,919	5,400	+ 118
Biloxi-Gulfport	30.1	28.8	+ 37	-	-	-	-	-	-
Jackson	38.8	38.8	– 6	1,092	1,039	+ 124	866	832	+ 67
TENNESSEE	884.0	885.3	+ 44	14,070	13,940	+ 42	20,081	19,204	+ 168
Chattanooga	64.8	63.2	+ 9	1,167	1,143	+ 42	917	1,057	+ 48
Knoxville	121.2	125.7	+ 44	1,568	1,553	+ 44	723	763	0
Nashville	30.8	291.5	+ 65	4,134	4,024	+ 44	9,720	9,058	+ 227

Notes: Labor Force data are from Bureau of Labor Statistics Reports supplied by state agencies. Plane Passenger Arrivals are collected from 26 airports. Building Permit data are supplied by the U.S. Bureau of the Census. Nonresidential data excludes the cost of construction for publicly owned buildings. The annual percent change calculation is based on the most recent month over prior year.

SOURCE: Federal Land Bank of Atlanta, Southeastern Economic Insight, July 1, 1984

STATE ECONOMIC INDICATORS

Indicator	May 1984[1]	April 1984[2]	May 1983[2]	Per Cent One Month Ago[3]	Change One Year Ago[3]
EMPLOYMENT, EARNINGS AND HOURS[4]					
Total Employment	952,000	936,000	938,800	1.7	1.4
Non-Ag Employment	805,600	805,400	790,400	0.2	15.2
Mining	9,000	9,000	8,700	—0—	0.3
Contract Construction	32,800	32,500	36,700	0.3	—3.9
Manufacturing	210,900	211,800	201,800	—0.9	9.1
Transportation and Public Utilities	38,500	38,300	38,300	0.2	0.2
Wholesale and Retail Trade	169,200	167,900	163,700	1.3	5.5
Finance, Insurance and Real Estate	34,400	34,300	33,600	0.1	0.8
Service	128,200	127,900	125,500	0.3	2.7
Government	182,600	183,600	182,100	—1.0	0.5
Unemployment Rate (Per Cent Labor Force)	9.5	9.7	13.5	— —	— —
Average Weekly Earnings in Manufacturing (Dollars)	277.67	282.17	263.87	1.6	5.2
Average Hourly Earnings in Manufacturing (Dollars)	6.89	6.95	6.63	0.9	3.9
Average Weekly Hours in Manufacturing	40.3	40.6	39.8	0.7	1.3
PRODUCTION (000's)					
Petroleum Production					
Production of Crude Petroleum (bbls.)[5]	2,764	2,715	2,593	1.8	6.6
Gasoline Delivered to Dealers (gals.)[6]	122,358	133,404	106,912	—8.3	14.5
PUBLIC UTILITIES					
Sales of Electricity (000's KWH)[7]	1,905,790	1,693,951	1,042,923	12.5	82.7
RETAIL SALES (000's)[8]	1,604,420	1,281,386	1,400,619	25.2	14.6

Indicator	February 1984	January 1984	February 1983	Per Cent One Month Ago	Change One Year Ago
AGRICULTURE (000's)[9]					
Total Cash Receipts from Farm Marketings	115,145	175,611	118,749	34.4	3.0
Cash Receipts from Marketing Livestock	68,644	73,636	58,400	—6.8	17.5
Cash Receipts from Marketing Crops	46,501	101,775	50,349	—54.4	—22.9

[1]Preliminary

[2]Revised

[3]Percent change calculated with revised figures; not comparable with previously published data.

[4]Mississippi Employment Security Commission

[5]State Oil and Gas Board for January

[6]Mississippi Motor Vehicle Comptroller

[7]Mississippi Power Company, Mississippi Power and Light Company and Tennessee Valley Authority.

[8]Mississippi Tax Commission

[9]U.S. Department of Agriculture

INDEXES OF SELECTED MISSISSIPPI ECONOMIC INDICATORS
[Seasonally Adjusted]
1969 = 100

Indicator	May 1984	April 1984	May 1983
Retail Sales	171.5	158.5	153.6
Electric Sales	261.1	224.0	134.0
Gasoline Gallonage	154.1	172.3	142.6

BUSINESS ACTIVITY BY CITY

	City Sales Tax Collections			Building Permits		
	Current Month May	PerCent Month Ago	Change Year Ago	Current Month May	Month Ago	Year Ago
Aberdeen	60,480	15.9	29.0	— —	— —	— —
Baldwyn	30,287	21.3	32.8	— —	— —	— —
Batesville	85,477	59.1	43.5	110,977	260,539	239,756
Bay Springs	23,277	—19.9	—5.2	— —	— —	— —
Bay St. Louis	57,705	15.7	37.4	— —	— —	— —
Belmont	10,908	—10.8	10.0	— —	— —	— —
Belzoni	33,958	—3.4	23.4	27,000	5,000	31,000
Biloxi	394,897	28.7	34.0	5,588,852	4,457,182	1,381,718
Brandon	63,634	26.3	38.7	405,800	449,400	65,000
Brookhaven	148,574	8.3	17.7	118,600	165,775	386,700
Brooksville	3,303	—19.4	16.5	— —	— —	— —
Canton	90,484	36.2	43.1	— —	— —	— —
Carthage	60,304	23.4	39.3	164,900	70,040	5,500
Charleston	20,698	3.1	31.6	— —	— —	— —
Clarksdale	159,249	14.0	22.9	274,200	175,500	106,900
Cleveland	124,266	4.2	18.6	— —	— —	— —
Collins	41,905	16.0	18.1	34,500	16,000	—0—
Columbia	121,796	1.8	14.5	— —	— —	— —
Columbus	293,482	2.8	18.0	436,667	578,877	626,272
Corinth	147,963	8.1	16.8	— —	— —	— —
Crystal Springs	30,518	—1.1	39.6	80,095	89,500	21,900
Drew	12,334	22.3	12.3	17,000	— —	— —
Edwards	5,926	26.0	98.4	6,000	660	— —
Ellisville	19,050	0.5	38.3	— —	— —	— —
Eupora	22,433	11.1	37.1	— —	— —	— —
Fayette	11,674	—2.5	17.7	— —	— —	— —
Forest	68,116	21.1	29.8	— —	— —	— —
Greenville	314,448	3.3	18.2	419,756	918,815	548,005
Greenwood	185,215	7.5	12.7	252,000	422,915	284,500
Grenada	122,515	12.6	37.2	305,500	537,700	275,000
Gulfport	386,798	24.7	26.9	1,810,662	1,674,566	513,867
Hattiesburg	522,247	15.5	32.9	— —	— —	— —
Hernando	31,251	0.1	—0.5	69,600	232,265	11,000
Hollandale	17,273	24.1	23.6	— —	— —	— —
Holly Springs	55,496	33.1	26.6	223,000	— —	32,500
Houston	47,103	13.0	40.0	152,500	39,300	262,000
Indianola	80,211	7.7	21.4	— —	— —	— —
Iuka	37,719	3.4	47.7	— —	— —	— —
Jackson	1,985,432	13.8	27.6	11,777,212	5,921,246	5,941,125
Kosciusko	70,759	4.1	29.5	163,128	584,800	41,000
Laurel	366,371	7.7	17.7	4,403,407	237,150	653,996
Leland	26,029	—4.2	16.9	53,000	134,670	— —
Lexington	24,963	2.3	6.0	— —	— —	— —
Louisville	57,214	6.7	13.0	— —	— —	— —
Lucedale	43,161	22.7	14.2	— —	— —	— —
Lumberton	13,728	35.9	65.4	— —	— —	— —
Macon	19,802	3.2	13.5	— —	— —	— —
Magee	64,075	26.5	38.7	— —	— —	— —
Magnolia	13,776	43.7	43.4	— —	— —	— —
Marks	21,139	27.6	46.6	— —	— —	— —
McComb	171,452	13.1	21.7	632,275	268,939	442,575
Meadville	9,419	92.5	54.1	— —	— —	— —
Mendenhall	26,009	5.7	22.0	371,950	46,000	32,000
Meridian	538,435	21.4	35.7	1,830,310	1,593,770	1,040,143
Monticello	23,890	5.4	17.7	— —	— —	— —
Morton	26,109	5.6	34.2	— —	— —	— —
Moss Point	71,152	30.8	37.6	266,350	584,500	142,925
Natchez	313,763	10.3	39.6	246,000	894,570	456,689
New Albany	76,584	7.3	25.6	752,252	142,691	161,600
Newton	35,721	32.6	49.5	291,877	15,250	116,000
Ocean Springs	101,660	12.3	31.4	— —	— —	— —
Okolona	18,314	4.1	21.1	— —	— —	— —
Oxford	132,260	11.3	30.8	818,820	272,380	670,008
Pascagoula	243,224	6.2	16.0	— —	— —	— —
Pass Christian	19,424	15.4	20.5	— —	— —	— —
Philadelphia	84,578	5.0	—68.7	— —	— —	— —

BUSINESS ACTIVITY BY CITY

	City Sales Tax Collections			Building Permits		
	Current Month May	PerCent Month Ago	Change Year Ago	Current Month May	Month Ago	Year Ago
Picayune	121,383	17.0	33.8	——	——	——
Pontotoc	54,705	6.5	32.2	——	——	——
Poplarville	23,328	22.1	30.4	——	——	——
Port Gibson	17,688	—1.0	8.8	——	——	——
Prentiss	28,217	13.0	16.7	200	200	214,300
Quitman	30,118	14.9	24.9	——	——	——
Raymond	5,277	3.4	30.5	——	——	——
Richton	14,615	24.4	49.4	——	——	——
Rosedale	11,849	96.2	68.9	——	——	——
Ruleville	15,601	25.4	36.0	——	——	——
Sardis	23,701	22.9	31.3	6,000	4,000	4,000
Senatobia	68,817	20.7	42.2	——	——	——
Shelby	11,665	14.0	31.8	——	——	——
Starkville	142,295	24.4	23.7	628,000	1,467,000	760,400
Summit	14,588	29.7	43.3	3,678,664	1,758,570	1,618,451
Taylorsville	14,815	0.01	2.0	——	——	——
Tchula	5,438	12.0	18.9	——	——	——
Tunica	21,748	31.2	32.7	——	——	——
Tupelo	420,147	0.4	18.7	518,111	532,430	777,983
Union	17,029	—0.2	12.8	——	——	——
Utica	11,108	7.3	—5.2	——	——	——
Vicksburg	280,277	28.1	34.0	——	——	——
Walnut Grove	1,881	38.8	16.1	——	——	——
Water Valley	30,151	2.9	33.0	——	——	——
Waynesboro	68,154	6.6	10.7	99,000	3,700	18,000
West Point	67,425	3.9	14.3	364,724	120,245	248,450
Wiggins	36,133	28.6	25.4	——	——	——
Winona	44,102	22.9	35.8	3,000	5,150	98,500
Yazoo City	94,485	19.4	47.3	——	——	——

STANDARD METROPOLITAN STATISTICAL AREAS

JACKSON [Hinds and Rankin Counties]	May 1984	April 1984	May 1983	Per Cent Month Ago	Change Year Ago
MANPOWER DATA					
Civilian Labor Force	159,500	156,800	160,400	1.7	—0.6
Unemployed Persons	9,400	9,200	14,100	2.2	—33.3
Per Cent of Labor Force	5.9	5.8	8.8	——	——
Employed Persons	150,100	147,600	146,300	1.7	2.6
Non-Ag Wage & Salaries	128,600	126,800	125,100	1.4	2.8
Manufacturing	19,400	19,200	19,100	1.0	1.6
CITY SALES TAX COLLECTIONS	2,071,362	1,865,561	1,621,139	11.0	27.8

BILOXI-GULFPORT [Hancock, Harrison and Stone Counties]	May 1984	April 1984	May 1983	Per Cent Month Ago	Change Year Ago
MANPOWER DATA					
Civilian Labor Force	69,520	68,280	72,250	1.8	—3.8
Unemployed Persons	6,520	6,460	10,110	0.9	—35.5
Per Cent of Labor Force	9.4	9.5	14.0	——	——
Employed Persons	63,000	61,820	62,140	1.9	1.4
Non-Ag Wage & Salaries	53,160	52,240	52,330	1.8	1.6
Manufacturing	9,300	9,170	9,250	1.4	0.5
CITY SALES TAX COLLECTIONS	781,119	633,848	615,664	23.2	27.0

Timber Severance Tax Collections By County, 1982 and 1983

SOURCE: Mississippi Tax Commission. Computations made by the Division of Business Research Mississippi State University.

County	1982	% of State	% of Change	1983	% of State	% of Change
Adams	18,482	0.78	1.30	22,692	0.86	22.78
Alcorn	11,248	0.47	—4.30	15,140	0.57	34.60
Amite	68,003	2.87	10.15	71,723	2.71	5.47
Attala	60,420	2.55	5.74	82,075	3.10	35.48
Benton	7,364	0.31	—1.20	15,013	0.57	103.87
Bolivar	2,257	0.10	—29.51	15,194	0.57	573.19
Calhoun	22,262	0.94	—36.60	28,049	1.06	25.99
Carroll	21,548	0.91	30.90	21,952	0.83	1.87
Chickasaw	19,706	0.83	18.34	20,387	0.77	3.46
Choctaw	21,202	1.36	11.48	26,224	0.99	—18.56
Claiborne	29,805	1.26	31.62	33,460	1.27	12.26
Clarke	68,200	2.87	8.56	83,600	3.16	22.58
Clay	19,625	0.83	6.34	20,585	0.78	4.89
Coahoma	1,573	0.07	—41.52	981	0.04	—37.64
Copiah	57,134	2.41	—15.00	66,763	2.52	16.85
Covington	33,942	1.43	51.04	29,516	1.12	13.04
DeSoto	1,888	0.08	893.68	2,701	0.10	43.06
Forrest	56,548	2.38	70.90	63,578	2.40	12.43
Franklin	56,566	2.38	16.12	88,936	3.36	57.23
George	30,529	1.29	3.63	25,097	0.95	17.79
Greene	54,938	2.31	—0.80	68,732	2.60	25.11
Grenada	14,994	0.63	30.27	14,274	0.54	—4.80
Hancock	23,642	1.00	—36.52	21,559	0.82	—8.81
Harrison	38,093	1.61	37.96	40,760	1.54	7.00
Hinds	12,071	0.51	—31.94	15,628	0.59	29.47
Holmes	28,336	1.20	—1.20	29,175	1.10	2.96
Humphreys	662	0.03	—9.60	353	0.01	—46.68
Issaquena	3,631	0.15	—68.72	6,252	0.24	72.18
Itawamba	30,847	1.30	13.71	40,453	1.53	31.14
Jackson	20,875	0.88	—33.90	31,692	1.20	51.82
Jasper	57,215	2.41	—12.50	54,298	2.05	5.10
Jefferson	35,970	1.52	34.60	42,160	1.59	17.21
Jeff Davis	32,818	1.40	2.18	30,108	1.14	—8.26
Jones	53,782	2.30	—12.12	60,807	2.30	13.06
Kemper	59,701	2.52	10.82	52,370	1.98	—12.28
Lafayette	20,369	0.86	—20.70	24,061	0.91	18.13
Lamar	53,220	2.24	73.51	41,935	1.59	21.20
Lauderdale	65,994	2.78	23.73	68,036	2.57	3.09
Lawrence	32,509	1.37	2.12	55,366	2.09	70.31
Leake	48,764	2.06	15.35	54,934	2.08	12.65
Lee	7,713	0.33	44.63	7,889	0.30	2.28
Leflore	847	0.04	—68.31	1,879	0.07	121.84
Lincoln	35,971	1.52	—21.23	45,993	1.74	27.86
Lowndes	5,404	0.23	—29.13	10,119	0.38	87.25
Madison	13,394	0.56	—30.37	15,780	0.60	17.81
Marion	28,320	1.20	15.14	29,018	1.10	2.46
Marshall	14,400	0.61	27.00	13,254	0.50	—7.96
Monroe	30,350	1.28	—8.32	30,943	1.17	1.95
Montgomery	32,590	1.37	3.54	38,700	1.46	18.75
Neshoba	35,208	1.50	—11.76	45,164	1.71	28.28
Newton	52,163	2.20	—7.00	60,647	2.29	16.26
Noxubee	45,320	1.91	21.10	44,892	1.70	—0.94
Oktibbeha	16,702	0.70	—35.30	23,436	0.89	40.32
Panola	5,748	0.24	—7.71	8,625	0.33	50.05
Pearl River	50,476	2.13	7.50	52,931	2.00	4.86
Perry	36,487	1.54	—34.40	58,438	2.21	60.16
Pike	35,415	1.50	—7.11	32,970	1.25	—6.90
Pontotoc	9,554	0.40	—29.49	12,330	0.47	29.06
Prentiss	15,000	0.63	—10.16	19,016	0.72	26.77
Quitman	695	0.33	—5.31	490	0.02	—29.50
Rankin	68,051	2.87	—13.68	62,567	2.37	—8.06
Scott	51,599	2.20	—15.08	50,241	1.90	—2.63
Sharkey	4,501	0.91	—14.91	4,203	0.16	—6.62
Simpson	52,348	2.21	17.16	43,677	1.65	—16.56
Smith	55,839	2.35	13.75	54,781	2.07	—1.89
Stone	46,915	2.00	74.08	55,803	2.11	18.94
Sunflower	345	0.01	63.51	5	0	—98.55
Tallahatchie	4,450	0.20	10.40	2,578	0.10	—42.07
Tate	273	0.01	—74.60	989	0.04	262.27
Tippah	14,566	0.61	38.37	21,371	0.81	46.72
Tishomingo	30,086	1.30	62.50	29,947	1.13	—0.46
Tunica	2,473	0.10	—54.53	2,913	0.11	17.79
Union	5,852	0.25	—36.77	11,649	0.44	99.06
Walthall	18,597	0.80	14.53	20,984	0.79	12.84
Warren	13,458	0.60	1.72	16,519	0.62	22.74
Washington	2,513	0.11	—38.12	2,186	0.08	—13.01
Wayne	68,381	2.90	8.63	68,260	2.58	—0.18
Webster	28,569	1.20	—20.63	30,469	1.15	6.65
Wilkinson	51,668	2.20	33.64	42,412	1.60	17.91
Winston	45,178	1.90	—12.62	57,596	2.18	27.49
Yalobusha	22,210	0.94	33.84	14,582	0.55	—34.34
Yazoo	6,081	0.26	—21.10	11,590	0.44	90.59
State Total	2,373,442		2.50	2,644,461		11.42